



December 9, 2024

Bharat Petroleum Corporation (BPCL IN)

Rating: HOLD | CMP: Rs300 | TP: Rs301

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	301		316	
Sales (Rs. bn)	3,927	3,967	3,917	3,957
% Chng.	0.3	0.3		
EBITDA (Rs. bn)	198	201	198	201
% Chng.	0.1	0.1		
EPS (Rs.)	23.5	24.5	23.6	24.6
% Chng.	(0.4)	(0.3)		

Hindustan Petroleum Corporation (HPCL IN)

Rating: HOLD | CMP: Rs399 | TP: Rs392

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		ACCUMULATE	
Target Price	392		412	
Sales (Rs. bn)	4,036	4,129	4,025	4,118
% Chng.	0.3	0.3		
EBITDA (Rs. bn)	173	176	173	176
% Chng.	0.1	0.1		
EPS (Rs.)	44.3	44.6	45.2	45.6
% Chng.	(2.0)	(2.2)		

Indian Oil Corporation (IOCL IN)

Rating: HOLD | CMP: Rs142 | TP: Rs153

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	153		156	
Sales (Rs. bn)	8,657	7,883	8,630	7,859
% Chng.	0.3	0.3		
EBITDA (Rs. bn)	467	495	466	495
% Chng.	0.1	0.1		
EPS (Rs.)	14.8	16.2	14.8	16.2
% Chng.	0.1	0.1		

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Strong near-term outlook despite LPG headwinds

Quick Pointers:

- Anticipated LPG under-recovery of Rs212/cylinder in Q3-TD
- Avg Singapore GRM at US\$4.9/bbl, while avg GMM on petrol/diesel at Rs13.6/9.7/ltr in Q3-TD

OMCs are navigating a mixed financial landscape with contrasting trends being witnessed across their operations. While under-recoveries on the sale of LPG remain a challenge due to elevated propane prices and government imposed price controls, the outlook for refining margins and marketing margins on petrol and diesel remains optimistic in the near term. Although the long-term outlook remains uncertain given weak demand prospects and possibility of fuel price cut, we see short-term positivity led by strong Q3 if current scenario continues. However, from 1-year perspective, we maintain HOLD rating on IOCL/BPCL with a TP of Rs153/301 valuing them at 1/1.4x avg FY26-27 P/BV and re-rate HPCL to HOLD post run-up in stock with a TP of Rs392 valuing it at 1.3x avg FY26-27 P/BV.

LPG under-recovery – Return of government control: OMCs have been consistently absorbing LPG under-recoveries since Sept'23, driven by high propane prices and subsidized retail rates. As on 30th Sep'24, the companies absorbed a cumulative loss of Rs174.9bn with IOCL/BPCL/HPCL reporting individual under-recoveries of Rs45/88.7/41.2bn in H1FY25. In Q3FY25, we expect these losses to widen further with rising propane prices with an estimated under-recovery of Rs212/cylinder.

However, GMMs on auto fuels save the day: As per our calculations, GMMs on petrol/diesel continue to remain strong due to lower international prices with an average margin of Rs13.6/9.7/ltr for Q3-TD (vs Rs9.8/6.3/ltr in Q2) respectively. For the week ended 30th Nov, petrol/diesel margins stood at Rs14/9/ltr. Thus, GMMs on petrol/diesel are expected to remain strong in the near term. A rise of Rs1.7-1.8/ltr in petrol/diesel margins will compensate for a US\$1/bbl decline in GRMs as well as Rs100/cylinder under-recovery in LPG.

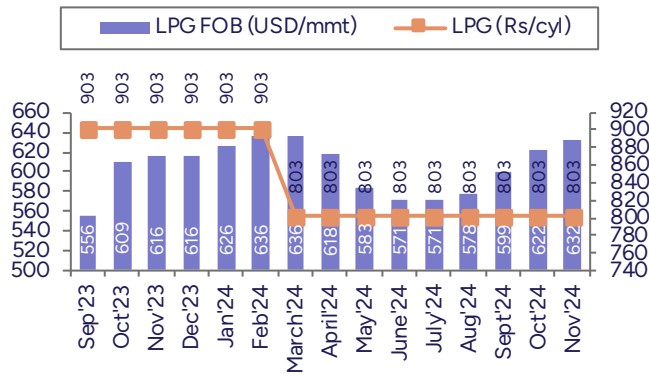
Rebounding GRMs also supportive: Singapore GRMs, which were weak in Q2, have started recovering in Q3 and are currently at US\$6.5/bbl. Average Singapore GRM for Q3-TD stands at US\$4.9/bbl (vs US\$3.6/bbl in Q2). While falling crude oil prices may lead to inventory losses during the quarter, current GRMs bode well for the quarter.

Marginal improvement in debt profile: On a consol basis, debt levels of IOCL/BPCL/HPCL as of H1FY25 stood at Rs1,535/492/685bn. Factoring in the improvement in GRMs, strong marketing margins and LPG under-recoveries we forecast their debt at Rs1,444//486/647bn at FY25E-end.

LPG under-recovery – Return of government control

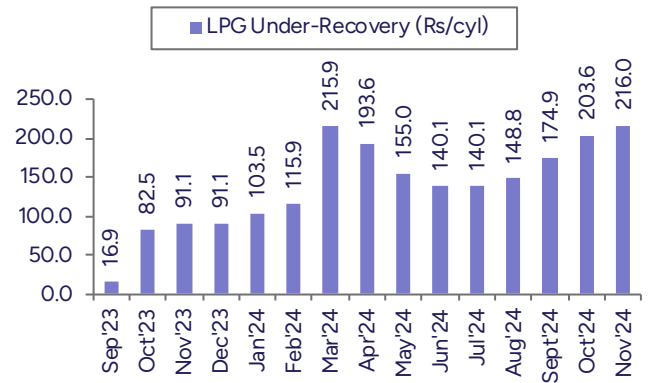
- Prices of domestic LPG cylinders have not changed after the Rs100/cyl cut in Mar'24. Against this, FOB prices have risen by 11% to US\$632/mt since Jun'24.
- As a result, LPG under-recovery has risen to a staggering Rs212/cyl in Q3-TD. This tops Rs174.9bn cumulative under-recovery absorbed by the OMCs in H1FY25.
- While GRMs were weaker, marketing margins also came in weak due to LPG under-recovery. Further, EBITDA of IOCL/BPCL/HPCL declined by 71.5/64.5/72.8% YoY in H1FY25.
- We expect that with Rs212/cyl under-recovery in Q3-TD, assuming ceteris paribus for rest of the quarter, the OMCs would absorb another Rs101.6bn in Q3FY25, over and above the already absorbed Rs174.9bn in H1FY25.
- Rising interventions in the sector also triggered de-rating of the stocks.

Exhibit 1: FOB prices on a rise since Jun'24



Source: PL, Industry

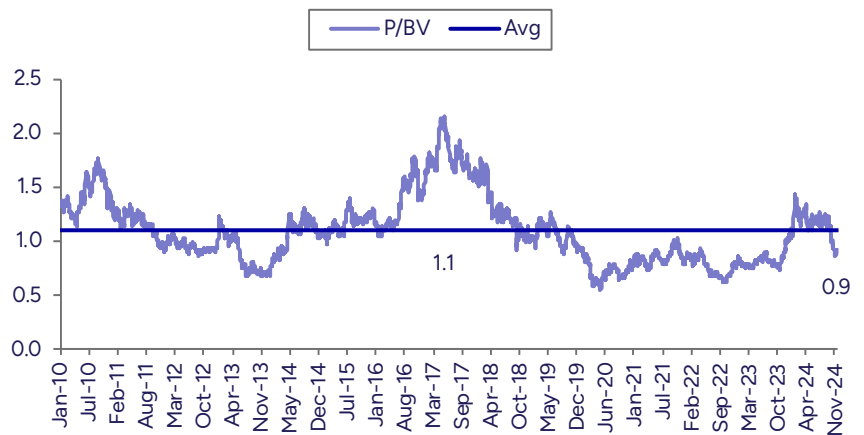
Exhibit 2: LPG under-recovery to rise in Q3FY25



Source: PL, Industry

IOCL trading below its long-term avg of 1.1x P/BV. Deregulation of diesel combined with low crude oil prices led to high valuation in 2014-2018

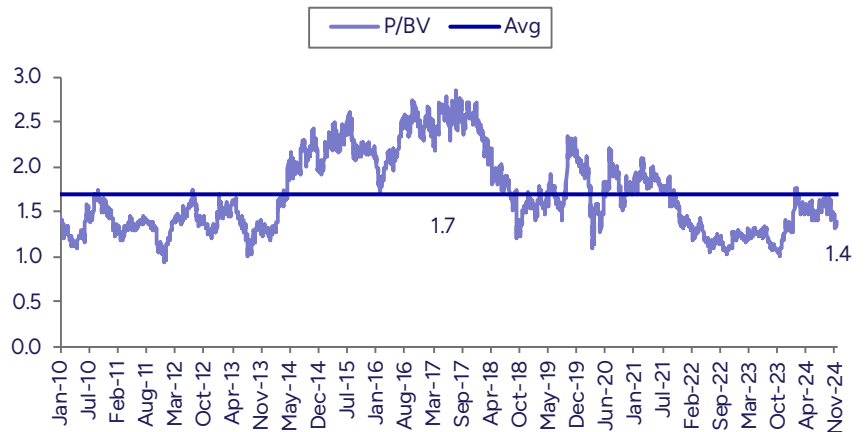
Exhibit 3: IOCL trading at 0.9x FY26 BBGe P/BV



Source: PL, Industry

BPCL trading below its long-term average of 1.7x P/BV

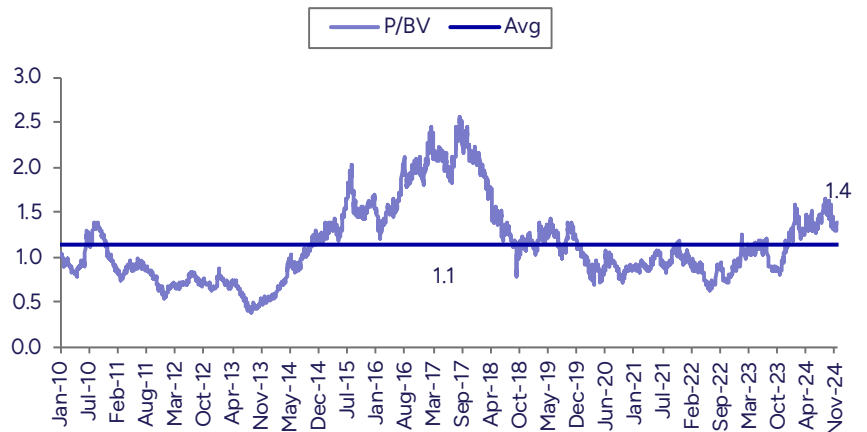
Exhibit 4: BPCL trading at 1.4x FY26BBGe P/BV



Source: PL, Industry

HPCL trading above its long-term average of 1.1x P/BV

Exhibit 5: HPCL trading at 1.4x FY26 BBGe P/BV



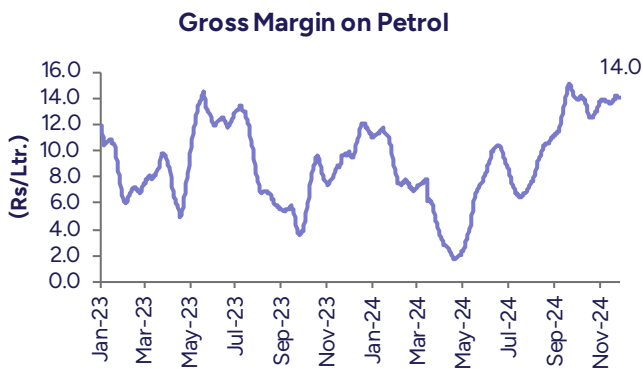
Source: PL, Industry

GMMs high enough to make up for LPG losses

- Amid the decline in international petrol and diesel prices, and capped retail prices, OMCs reported strong marketing margins in H1FY25. Gross margins on petrol/ diesel came in at Rs7.8/5.6/ltr during the period.
- Margins continue to rise in Q3-TD too with an avg gross margin of Rs13.6/9.7/ltr on petrol/diesel. These margins could rise further if this trend continues.
- While longevity of these high margins remains uncertain given the possibility of a fuel price cut, near-term performance is expected to come in strong.
- For IOCL, a US\$1/bbl decline in GRM would lead to ~Rs11bn decline in refining EBITDA and Rs100/cyl under-recovery would lead to ~Rs19bn LPG loss. In order to overcome this decline, Rs1.7/1.7/ltr rise in petrol/diesel margins would be required.

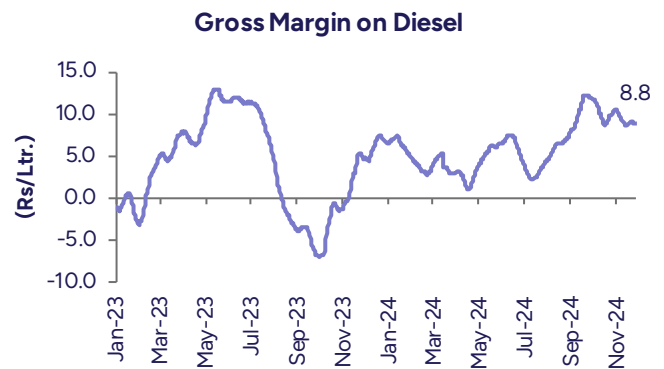
- Similarly, for BPCL, a US\$1/bbl fall in GRM translates to a decline of ~Rs6bn refining EBITDA and Rs100/cyl under-recovery would lead to another Rs13bn rise in LPG under-recovery. Rs1.7/1.7/ltr rise in petrol/diesel margins would compensate for this decline.
- For HPCL, a US\$1/bbl fall in GRM would lead to a decline of ~Rs4bn refining EBITDA and Rs100/cyl under-recovery would translate to another Rs14bn rise in LPG under-recovery. Rs1.8/1.8/ltr rise in petrol/diesel margins would compensate for this decline.

Exhibit 6: Avg GMM on petrol at Rs13.6/ltr in Q3-TD



Source: PL, Industry

Exhibit 7: Avg GMM on diesel at Rs9.7/ltr in Q3-TD



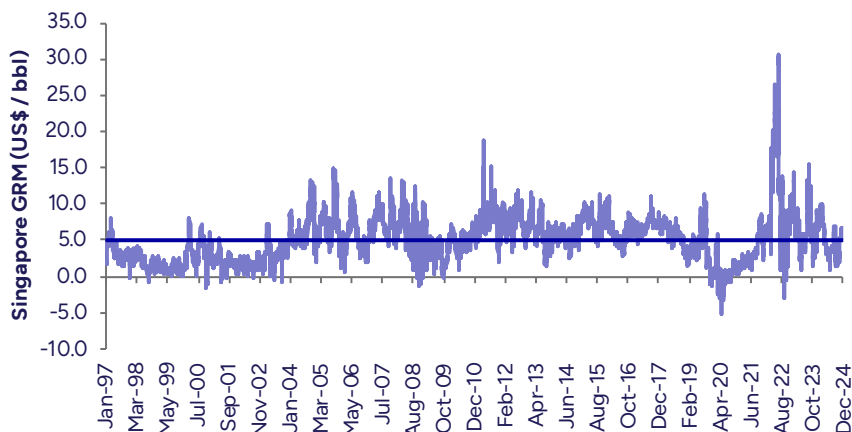
Source: PL, Industry

Rebounding GRMs supportive

- In 2024, Singapore GRM started softening since April amid demand concerns and reached a low of US\$0.9/bbl in June. Avg Singapore GRM for Q1FY25 thus fell sharply to US\$3.2/bbl (vs US\$7.4/bbl in Q4FY24).
- Singapore GRM for Q2FY25 improved marginally to US\$3.6/bbl. In Q3-TD, GRMs have started to rise and are currently at US\$6.5/bbl with an average of US\$4.9/bbl and are inching closer to the long-term avg of US\$5.1/bbl.
- Although the companies are likely to report inventory losses due to decline in crude oil prices, we expect refining margins to improve amid rising product cracks.
- We build in a GRM of US\$4-5/bbl for the three companies which may get revised upwards if this trend persists.

Long-term Singapore GRM avg at US\$5.1/bbl

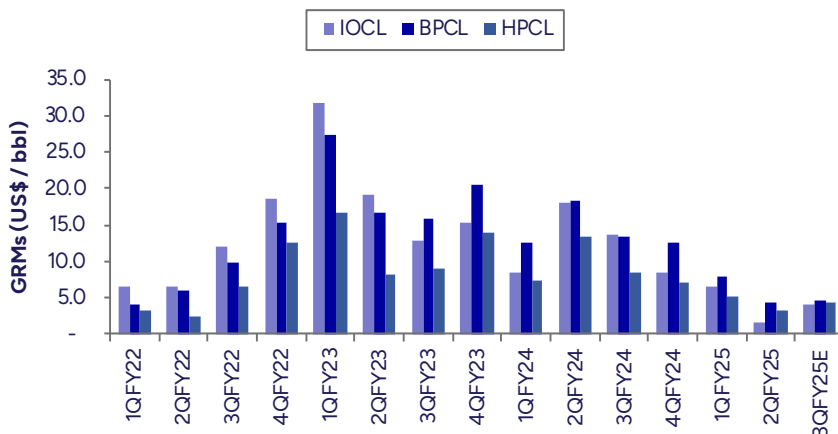
Exhibit 8: Singapore GRM rebounding back to long-term average



Source: PL, Industry

We build in a GRM of US\$4/4.7/4.4/bbl for IOCL/BPCL/HPCL. Estimates could get revised upwards if the rising product crack trend continues

Exhibit 9: GRMs likely to improve in Q3



Source: Company, PL

Exhibit 10: Quarterly Performance Variation

	IOCL					BPCL					HPCL				
	Q3 FY24	Q2 FY25	Q3 FY25E	YoY gr.	QoQ gr.	Q3 FY24	Q2 FY25	Q3 FY25E	YoY gr.	QoQ gr.	Q3 FY24	Q2 FY25	Q3 FY25E	YoY gr.	QoQ gr.
Exchange Rate (US\$/RS)	83.3	83.8	84.2	1%	0%	83.3	83.8	84.2	1%	0%	83.3	83.8	84.2	1%	0%
Reported GRM (US\$/bbl)	13.5	1.6	4.0	-70%	155%	13.4	4.4	4.7	-65%	7%	8.5	3.1	4.4	-48%	41%
Refining throughput (mmt)	18.5	16.7	18.0	-3%	7%	9.9	10.3	10.3	4%	0%	5.3	6.3	6.3	18%	0%
GMM (Rs/ltr)	5.2	6.6	6.7	29%	2%	3.5	5.8	6.2	79%	7%	2.7	4.3	5.7	113%	33%
Marketing sales (mmt)	20.0	19.5	21.0	5%	8%	12.9	12.4	13.4	4%	8%	11.9	11.6	12.1	1%	4%
Petrol Gross Margin (Rs/ltr)	9.1	9.8	13.6	49%	39%	9.1	9.8	13.6	49%	39%	9.1	9.8	13.6	49%	39%
Diesel Gross Margin (Rs/ltr)	1.2	6.3	9.7	708%	54%	1.2	6.3	9.7	708%	54%	1.2	6.3	9.7	708%	54%
LPG under-recovery (Rs/cyl)	54.3	151.2	212.0	290%	40%	54.3	151.2	212.0	290%	40%	54.3	151.2	212.0	290%	40%
Standalone EBITDA (Rs bn)	154.9	37.7	118.9	-23%	215%	62.3	45.5	72.0	16%	58%	21.6	27.2	53.2	146%	95%
Standalone PAT (Rs bn)	80.6	1.8	54.4	-32%	2925%	34.0	24.0	40.3	19%	68%	5.3	6.3	25.8	388%	309%
Standalone EPS (Rs)	5.9	0.1	4.0	-32%	2925%	7.8	5.5	9.3	19%	68%	2.5	3.0	12.1	388%	309%

Source: Company, PL, Industry

BPCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	4,481	4,063	3,927	3,967
YoY gr. (%)	(5.3)	(9.3)	(3.4)	1.0
Cost of Goods Sold	3,761	3,577	3,491	3,519
Gross Profit	720	487	436	448
Margin (%)	16.1	12.0	11.1	11.3
Employee Cost	-	-	-	-
Other Expenses	279	256	238	247
EBITDA	441	231	198	201
YoY gr. (%)	304.9	(47.7)	(14.1)	1.7
Margin (%)	9.8	5.7	5.0	5.1
Depreciation and Amortization	68	70	71	74
EBIT	373	161	127	127
Margin (%)	8.3	4.0	3.2	3.2
Net Interest	41	34	33	34
Other Income	22	20	23	25
Profit Before Tax	351	147	117	118
Margin (%)	7.8	3.6	3.0	3.0
Total Tax	93	37	29	30
Effective tax rate (%)	26.6	25.2	25.2	25.2
Profit after tax	258	110	88	88
Minority interest	(11)	(12)	(14)	(18)
Share Profit from Associate	-	-	-	-
Adjusted PAT	271	122	102	106
YoY gr. (%)	733.0	(55.0)	(16.4)	4.1
Margin (%)	6.1	3.0	2.6	2.7
Extra Ord. Income / (Exp)	(3)	-	-	-
Reported PAT	269	122	102	106
YoY gr. (%)	1,160.4	(54.5)	(16.4)	4.1
Margin (%)	6.0	3.0	2.6	2.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	269	122	102	106
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	62.5	28.1	23.5	24.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,708	1,780	1,840	1,900
Tangibles	1,708	1,780	1,840	1,900
Intangibles	-	-	-	-
Acc: Dep / Amortization	635	717	789	864
Tangibles	635	717	789	864
Intangibles	-	-	-	-
Net fixed assets	1,074	1,063	1,050	1,036
Tangibles	1,074	1,063	1,050	1,036
Intangibles	-	-	-	-
Capital Work In Progress	202	308	419	529
Goodwill	-	-	-	-
Non-Current Investments	61	61	61	61
Net Deferred tax assets	(80)	(80)	(80)	(80)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	428	315	306	309
Trade receivables	83	58	56	56
Cash & Bank Balance	63	57	30	56
Other Current Assets	-	-	-	-
Total Assets	2,024	1,974	2,035	2,161
Equity				
Equity Share Capital	21	43	43	43
Other Equity	735	801	858	919
Total Networth	756	845	902	963
Non-Current Liabilities				
Long Term borrowings	455	487	496	546
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	700	523	509	514
Other current liabilities	33	40	48	58
Total Equity & Liabilities	2,024	1,974	2,035	2,161

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	387	147	117	118
Add. Depreciation	68	70	71	74
Add. Interest	-	-	-	-
Less Financial Other Income	22	20	23	25
Add. Other	11	12	14	18
Op. profit before WC changes	466	229	203	210
Net Changes-WC	4	(31)	4	11
Direct tax	(93)	(37)	(29)	(30)
Net cash from Op. activities	377	162	178	192
Capital expenditures	(97)	(165)	(170)	(170)
Interest / Dividend Income	-	-	-	-
Others	(10)	-	-	-
Net Cash from Invst. activities	(107)	(165)	(170)	(170)
Issue of share cap. / premium	-	-	-	-
Debt changes	(150)	32	10	50
Dividend paid	(186)	(56)	(45)	(45)
Interest paid	-	-	-	-
Others	103	22	-	-
Net cash from Fin. activities	(233)	(2)	(35)	4
Net change in cash	37	(6)	(27)	26
Free Cash Flow	280	(3)	8	22

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	1,155	1,166	1,131	1,028
YoY gr. (%)	(3.1)	(1.3)	0.1	(0.2)
Raw Material Expenses	1,019	995	1,006	913
Gross Profit	136	170	125	115
Margin (%)	11.8	14.6	11.0	11.1
EBITDA	62	92	57	45
YoY gr. (%)	42.3	(17.4)	(64.3)	(64.8)
Margin (%)	5.4	7.9	5.0	4.4
Depreciation / Depletion	18	17	17	18
EBIT	44	75	40	28
Margin (%)	3.8	6.4	3.5	2.7
Net Interest	5	5	4	5
Other Income	7	5	5	9
Profit before Tax	46	56	40	32
Margin (%)	4.0	4.8	3.6	3.1
Total Tax	12	14	10	8
Effective tax rate (%)	25.8	25.1	25.2	24.9
Profit after Tax	34	42	30	24
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	34	42	30	24
YoY gr. (%)	73.4	(34.8)	(71.4)	(71.8)
Margin (%)	2.9	3.6	2.7	2.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	34	42	30	24
YoY gr. (%)	73.4	(34.8)	(71.4)	(71.8)
Margin (%)	2.9	3.6	2.7	2.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	34	42	30	24
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	7.8	9.7	6.9	5.5

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	62.5	28.1	23.5	24.5
CEPS	78.1	44.3	40.0	41.6
BVPS	174.3	194.7	207.8	221.9
FCF	64.5	(0.8)	1.8	5.0
DPS	42.8	12.9	10.3	10.4
Return Ratio(%)				
RoCE	31.7	12.6	9.3	8.7
ROIC	19.0	8.4	6.3	6.0
RoE	42.0	15.3	11.7	11.4
Balance Sheet				
Net Debt : Equity (x)	0.5	0.5	0.5	0.5
Net Working Capital (Days)	(9)	(10)	(10)	(10)
Valuation(x)				
PER	4.8	10.7	12.8	12.3
P/B	1.7	1.5	1.4	1.4
P/CEPS	3.8	6.8	7.5	7.2
EV/EBITDA	3.8	7.5	8.9	8.9
EV/Sales	0.4	0.4	0.5	0.5
Dividend Yield (%)	14.3	4.3	3.4	3.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Crude (US\$/bbl)	83	80	80	80
Refining Throughput (mmt)	10	10	10	10
GRM (US\$/bbl)	14	6	6	6
Marketing Sales (mmt)	13	13	14	14
Gross Marketing Margin (Rs/ltr)	6	5	4	4

Source: Company Data, PL Research

HPCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	4,339	4,316	4,036	4,129
YoY gr. (%)	(1.6)	(0.5)	(6.5)	2.3
Cost of Goods Sold	3,876	3,968	3,643	3,724
Gross Profit	463	348	392	405
Margin (%)	10.7	8.1	9.7	9.8
Employee Cost	-	-	-	-
Other Expenses	213	209	219	229
EBITDA	249	139	173	176
YoY gr. (%)	(445.9)	(44.3)	24.4	2.0
Margin (%)	5.7	3.2	4.3	4.3
Depreciation and Amortization	56	65	67	68
EBIT	193	74	106	108
Margin (%)	4.5	1.7	2.6	2.6
Net Interest	26	24	25	27
Other Income	19	27	27	27
Profit Before Tax	187	77	108	109
Margin (%)	4.3	1.8	2.7	2.6
Total Tax	45	23	32	32
Effective tax rate (%)	24.0	30.4	29.4	29.4
Profit after tax	142	53	76	77
Minority interest	(18)	(16)	(18)	(18)
Share Profit from Associate	-	-	-	-
Adjusted PAT	160	69	94	95
YoY gr. (%)	(329.4)	(56.7)	35.9	0.7
Margin (%)	3.7	1.6	2.3	2.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	160	69	94	95
YoY gr. (%)	-	-	-	-
Margin (%)	3.7	1.6	2.3	2.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	75.3	32.6	44.3	44.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,120	1,220	1,320	1,420
Tangibles	1,120	1,220	1,320	1,420
Intangibles	-	-	-	-
Acc: Dep / Amortization	325	390	457	525
Tangibles	325	390	457	525
Intangibles	-	-	-	-
Net fixed assets	795	829	862	894
Tangibles	795	829	862	894
Intangibles	-	-	-	-
Capital Work In Progress	201	281	361	441
Goodwill	3	3	3	3
Non-Current Investments	295	295	295	295
Net Deferred tax assets	(69)	(69)	(69)	(69)
Other Non-Current Assets	45	45	45	45
Current Assets				
Investments	-	-	-	-
Inventories	342	290	271	277
Trade receivables	93	67	63	64
Cash & Bank Balance	5	1	7	8
Other Current Assets	35	35	35	35
Total Assets	1,827	1,860	1,955	2,076
Equity				
Equity Share Capital	14	21	21	21
Other Equity	455	510	583	657
Total Networkth	469	532	604	678
Non-Current Liabilities				
Long Term borrowings	628	647	684	727
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	273	224	210	215
Other current liabilities	387	387	387	387
Total Equity & Liabilities	1,827	1,860	1,955	2,076

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	205	93	126	127
Add. Depreciation	56	65	67	68
Add. Interest	26	24	25	27
Less Financial Other Income	19	27	27	27
Add. Other	(17)	-	-	-
Op. profit before WC changes	269	182	218	222
Net Changes-WC	(28)	30	9	(3)
Direct tax	(3)	(23)	(32)	(32)
Net cash from Op. activities	239	189	195	187
Capital expenditures	(99)	(180)	(180)	(180)
Interest / Dividend Income	-	-	-	-
Others	(31)	-	-	-
Net Cash from Inv. activities	(130)	(180)	(180)	(180)
Issue of share cap. / premium	-	-	-	-
Debt changes	(100)	19	38	42
Dividend paid	(21)	(14)	(22)	(21)
Interest paid	(41)	(24)	(25)	(27)
Others	51	7	-	-
Net cash from Fin. activities	(111)	(12)	(9)	(6)
Net change in cash	(2)	(3)	6	1
Free Cash Flow	239	189	195	187

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	1,042	1,076	1,067	916
YoY gr. (%)	(5.0)	(0.3)	(4.7)	3.2
Raw Material Expenses	1,037	1,040	1,064	919
Gross Profit	4	35	3	(2)
Margin (%)	0.4	3.3	0.3	(0.3)
EBITDA	22	48	21	27
YoY gr. (%)	29.4	0.1	(77.9)	(66.8)
Margin (%)	2.1	4.5	2.0	3.0
Depreciation / Depletion	13	16	15	15
EBIT	8	32	6	12
Margin (%)	0.8	3.0	0.6	1.3
Net Interest	6	7	7	9
Other Income	6	9	6	6
Profit before Tax	8	33	5	8
Margin (%)	0.7	3.1	0.4	0.9
Total Tax	2	5	1	2
Effective tax rate (%)	31.1	14.2	24.5	24.4
Profit after Tax	5	28	4	6
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5	28	4	6
YoY gr. (%)	206.8	(11.8)	(94.3)	(87.7)
Margin (%)	0.5	2.6	0.3	0.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5	28	4	6
YoY gr. (%)	206.8	(11.8)	(94.3)	(87.7)
Margin (%)	0.5	2.6	0.3	0.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (bn)	2	2	2	2
EPS (Rs)	2.5	13.4	1.7	3.0

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	75.3	32.6	44.3	44.6
CEPS	101.6	63.1	75.7	76.6
BVPS	220.5	249.9	284.0	318.6
FCF	112.1	88.7	91.6	87.9
DPS	21.0	6.5	10.2	10.1
Return Ratio(%)				
RoCE	18.5	6.5	8.6	8.0
ROIC	10.6	4.0	5.4	5.2
RoE	40.4	13.9	16.6	14.8
Balance Sheet				
Net Debt : Equity (x)	1.3	1.2	1.1	1.1
Net Working Capital (Days)	14	11	11	11
Valuation(x)				
PER	5.3	12.2	9.0	8.9
P/B	1.8	1.6	1.4	1.3
P/CEPS	3.9	6.3	5.3	5.2
EV/EBITDA	5.9	10.8	8.8	8.9
EV/Sales	0.3	0.3	0.4	0.4
Dividend Yield (%)	5.3	1.6	2.6	2.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Crude (US\$/bbl)	86.0	80.1	80.0	80.0
GRM (US\$/bbl)	9.1	4.4	6.0	6.0
Refining throughput (mmtpa)	22.3	24.0	24.0	24.0
Gross Marketing Margins (Rs/ltr)	5.5	4.4	4.5	4.5
Marketing Sales (mmtpa)	46.4	48.3	50.2	50.7

Source: Company Data, PL Research

IOCL - Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	7,764	7,841	8,657	7,883
YoY gr. (%)	(7.8)	1.0	10.4	(8.9)
Cost of Goods Sold	6,388	6,965	7,807	6,959
Gross Profit	1,376	875	850	924
Margin (%)	17.7	11.2	9.8	11.7
Employee Cost	117	-	-	-
Other Expenses	503	484	383	429
EBITDA	756	392	467	495
YoY gr. (%)	146.2	(48.2)	19.1	6.1
Margin (%)	9.7	5.0	5.4	6.3
Depreciation and Amortization	159	165	174	180
EBIT	597	226	293	315
Margin (%)	7.7	2.9	3.4	4.0
Net Interest	78	93	87	88
Other Income	38	57	60	61
Profit Before Tax	557	190	266	289
Margin (%)	7.2	2.4	3.1	3.7
Total Tax	141	56	68	73
Effective tax rate (%)	25.3	29.7	25.7	25.3
Profit after tax	416	133	197	216
Minority interest	-	-	-	-
Share Profit from Associate	15	(1)	7	7
Adjusted PAT	432	132	204	223
YoY gr. (%)	268.8	(69.3)	54.6	9.1
Margin (%)	5.6	1.7	2.4	2.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	432	132	204	223
YoY gr. (%)	268.8	(69.3)	54.6	9.1
Margin (%)	5.6	1.7	2.4	2.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	432	132	204	223
Equity Shares O/s (bn)	14	14	14	14
EPS (Rs)	31.3	9.6	14.8	16.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,860	3,473	3,796	4,060
Tangibles	2,860	3,473	3,796	4,060
Intangibles	-	-	-	-
Acc: Dep / Amortization	900	1,065	1,239	1,419
Tangibles	900	1,065	1,239	1,419
Intangibles	-	-	-	-
Net fixed assets	1,960	2,408	2,556	2,641
Tangibles	1,960	2,408	2,556	2,641
Intangibles	-	-	-	-
Capital Work In Progress	610	247	174	160
Goodwill	0	0	0	0
Non-Current Investments	655	655	655	655
Net Deferred tax assets	(190)	(190)	(190)	(190)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,214	1,069	1,176	1,060
Trade receivables	138	163	180	164
Cash & Bank Balance	32	142	441	802
Other Current Assets	-	-	-	-
Total Assets	4,824	4,889	5,381	5,677
Equity				
Equity Share Capital	138	138	138	138
Other Equity	1,696	1,777	1,907	2,042
Total Networkth	1,834	1,915	2,045	2,179
Non-Current Liabilities				
Long Term borrowings	1,235	1,444	1,690	1,977
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,397	1,172	1,289	1,163
Other current liabilities	120	120	120	120
Total Equity & Liabilities	4,824	4,889	5,381	5,677

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	557	201	277	289
Add. Depreciation	159	165	174	180
Add. Interest	78	93	87	88
Less Financial Other Income	38	57	60	61
Add. Other	37	(1)	7	7
Op. profit before WC changes	831	459	546	564
Net Changes-WC	98	(96)	0	9
Direct tax	(141)	(56)	(68)	(73)
Net cash from Op. activities	788	307	477	500
Capital expenditures	(417)	(250)	(250)	(250)
Interest / Dividend Income	-	-	-	-
Others	(134)	-	-	-
Net Cash from Invst. activities	(551)	(250)	(250)	(250)
Issue of share cap. / premium	-	-	-	-
Debt changes	(167)	210	246	287
Dividend paid	(165)	(63)	(86)	(89)
Interest paid	(78)	(93)	(87)	(88)
Others	183	-	-	-
Net cash from Fin. activities	(227)	53	72	111
Net change in cash	11	110	299	361
Free Cash Flow	371	57	227	250

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	1,991	1,980	1,932	1,738
YoY gr. (%)	(2.8)	(2.5)	(2.2)	(3.3)
Raw Material Expenses	1,693	1,722	1,700	1,549
Gross Profit	298	258	233	190
Margin (%)	15.0	13.0	12.0	10.9
EBITDA	155	104	86	38
YoY gr. (%)	192.5	(27.3)	(61.0)	(82.3)
Margin (%)	7.8	5.3	4.5	2.2
Depreciation / Depletion	43	37	38	37
EBIT	111	67	49	1
Margin (%)	5.6	3.4	2.5	-
Net Interest	18	20	20	24
Other Income	15	17	5	14
Profit before Tax	108	63	35	2
Margin (%)	5.4	3.2	1.8	0.1
Total Tax	27	15	8	-
Effective tax rate (%)	25.1	23.6	23.4	(4.2)
Profit after Tax	81	48	26	2
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	81	48	26	2
YoY gr. (%)	1,699.8	(51.9)	(80.8)	(98.6)
Margin (%)	4.0	2.4	1.4	0.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	81	48	26	2
YoY gr. (%)	1,699.8	(51.9)	(80.8)	(98.6)
Margin (%)	4.0	2.4	1.4	0.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	81	48	26	2
Avg. Shares O/s (bn)	14	14	14	14
EPS (Rs)	5.9	3.5	1.9	0.1

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	31.3	9.6	14.8	16.2
CEPS	42.9	21.6	27.5	29.3
BVPS	133.2	139.0	148.5	158.2
FCF	26.9	4.1	16.5	18.2
DPS	12.0	4.6	6.2	6.4
Return Ratio(%)				
RoCE	20.4	7.0	8.3	8.0
ROIC	12.5	4.8	5.9	6.5
RoE	26.7	7.1	10.3	10.6
Balance Sheet				
Net Debt : Equity (x)	0.7	0.7	0.6	0.5
Net Working Capital (Days)	9	9	8	9
Valuation(x)				
PER	4.5	14.8	9.6	8.8
P/B	1.1	1.0	1.0	0.9
P/CEPS	42.8	21.6	27.5	29.3
EV/EBITDA	4.2	8.3	6.9	6.3
EV/Sales	0.4	0.4	0.4	0.4
Dividend Yield (%)	8.5	3.2	4.4	4.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Brent (US\$/bbl)	83.3	80.1	80.0	80.0
Refining Throughput (mmt)	73.4	70.9	76.2	79.7
GRM (US\$/bbl)	12.1	4.5	6.0	6.0
Marketing Sales (mmt)	82.3	84.2	88.0	88.9
Gross Marketing Margin (Rs/ltr)	6.6	5.8	4.3	4.3

Source: Company Data, PL Research

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	411	474
2	Ashok Leyland	Accumulate	240	222
3	Bajaj Auto	Hold	11,859	11,617
4	Bharat Forge	Accumulate	1,501	1,329
5	Bharat Petroleum Corporation	Hold	316	310
6	Bharti Airtel	Accumulate	1,782	1,637
7	CEAT	Hold	3,063	2,973
8	Clean Science and Technology	Hold	1,526	1,484
9	Deepak Nitrite	Reduce	2,438	2,639
10	Divgi Torqtransfer Systems	Hold	632	638
11	Eicher Motors	BUY	5,299	4,599
12	Endurance Technologies	BUY	2,835	2,437
13	Exide Industries	Hold	456	437
14	Fine Organic Industries	BUY	5,852	5,000
15	GAIL (India)	Hold	204	209
16	Gujarat Fluorochemicals	Reduce	3,770	4,158
17	Gujarat Gas	Sell	389	486
18	Gujarat State Petronet	Hold	380	390
19	Hero Motocorp	Accumulate	5,162	4,604
20	Hindustan Petroleum Corporation	Accumulate	412	372
21	Indian Oil Corporation	Hold	156	147
22	Indraprastha Gas	Sell	321	406
23	Jubilant Ingrevia	Hold	695	682
24	Laxmi Organic Industries	Reduce	240	270
25	Mahanagar Gas	Sell	1,046	1,313
26	Mahindra & Mahindra	BUY	3,456	2,899
27	Mangalore Refinery & Petrochemicals	Sell	128	173
28	Maruti Suzuki	BUY	14,586	11,046
29	Navin Fluorine International	Accumulate	3,523	3,307

PL's Recommendation Nomenclature

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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